

2005 - 2006 INCENTIVE PLAN – SENIOR PORTFOLIO MANAGER, CORPORATE GOVERNANCE (Johnson)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
20%	Corporate Governance Funds	Excess return of CalPERS' external managers under the oversight of the Corporate Governance PM relative to their respective benchmarks. Governance funds asset weighted by invested capital. (SN6KA1 - CPERSECG)	> +75 basis points = 0 > +175 basis points = 1.0 > +275 basis points = 1.5
20%	Internal Relational Performance	Excess return of CalPERS Internal Relational Portfolio, compared to the Wilshire 2500 (SW8B - \$Y08)	> 0 basis points = 0 > +100 basis points = 1.0 > +200 basis points = 1.5 (On an Annualized Basis)
10%	Global Equity Performance	Excess return in basis points relative to global equity performance benchmark. (GLOBLIC - CPERSGE)	> -50 basis points = 0 > -10 basis points = 1.0 > +15 basis points = 1.5
10%	Focus List Performance	Excess return of 3 yr. Focus List portfolio to: Customized peer benchmark and Wilshire 2500 for the period 6-30-02 to 6-30-05.	> 0 basis points = 0 > +200 basis points = 1.0 > +400 basis points = 1.5
60%	Subtotal	Quantitative Measures	

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
10%	Corporate Governance Education & Influence Program	Execute the engagement of the Compensation Consulting Industry / SEC / investment community in a coordinated approach and to improve executive compensation transparency by June 30, 2006. Report semi-annually to the Investment Committee on Executive Compensation Strategic Plan.	From Schedule
10%	Corporate Governance Active Manager Program	Gain Investment Committee approval of expanded authority and restructuring of the co-investments with Corporate Governance Managers by March 31, 2006.	From Schedule
10%	Corporate Governance	Establish strategy and investment community working group to engage investment banks to improve IPO governance. Strategy and working group to be defined by June 30, 2006.	From Schedule
10%	Corporate Governance	Present an Information Item to the Investment Committee on analysis of CalPERS Global Proxy Voting Guidelines relative to industry practice. Complete by February 28, 2006.	From Schedule
40%	Subtotal	Qualitative Measures	
100%	Total	Qualitative & Quantitative Measures	

Supervisor's Approval: Original Approved by Anne Stausboll

Date: January 25, 2006